

Message Text

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44

ACTION EUR-12

INFO OCT-01 EA-06 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07

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FM AMEMBASSY BERN

TO SECSTATE WASHDC 1013

INFO USMISSION EC BRUSSELS UNN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

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AMEMBASSY STOCKHOLM

AMEMBASSY VIENNA

USMISSION OECD PARIS UNN

AMCONSUL ZURICH

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E.O. 11652: N/A

TAGS: EFIN, EEC, SZ

SUBJECT: CURRENT SWISS VIEWS ON THE EC INVITATION TO JOIN
THE SNAKE

1. THOSE SWISS BANKERS WITH WHOM WE HAVE RECENTLY DISCUSSED
THIS ISSUE BELIEVE THAT THE CONDITION WHICH LED IN PART
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TO SWISS INTEREST IN JOINING THE SNAKE, THE APPRECIATION

OF THE THE FRANC AGAINST THE DOLLAR, HAS CHANGED AND THAT THE RATE IS HEADED FOR A MORE "NORMAL" LEVEL. ON THE OTHER HAND THE RELATIONSHIP WITH THE DM IS STILL TROUBLESOME, AND THERE IS UNCERTAINTY AS TO WHETHER THE "NORMAL" RATE IS THE ONE NOW PREVAILING OR SOME OTHER RATE BELOW THE PRESENT RATE. IN THESE CIRCUMSTANCES THERE IS NO GREAT PRESSURE ON THE GOVERNMENT, WITHIN THE GOVERNMENT, OR ON THE SWISS NATIONAL BANK, TO ACT.

2. ACCORDING TO JEAN ZWAHLEN, CHIEF, ECONOMIC AND FINANCIAL DIVISION, POLITICAL DEPT., THIS LACK OF PRESSURE IS REFLECTED IN THE CURRENT LINE THE FEDERAL COUNCIL HAS INSTRUCTED SWISS OFFICIALS TO TAKE, BOTH WITH RESPECT TO THE QUESTION WHETHER OR NOT TO JOIN AND IN PREPARATION FOR THE MEETING WITH THE EC ON SEPTEMBER 22.

3. FOR SOME TIME THE FEDERAL COUNCIL HAS BEEN RELUCTANT TO CONSIDER THIS MATTER AS ONE REQUIRING A POLITICAL DECISION, AND HAS TREATED IT AS "TECHNICAL;" THAT IS TO BE NEGOTIATED BETWEEN THE NATIONAL BANK AND OTHER CENTRAL BANKS. THE EC DECISION TO RAISE IT TO A POLITICAL LEVEL BY INVITING SWISS PARTICIPATION IN THE SEPTEMBER MEETING HAS NOT CHANGED THE FEDERAL COUNCIL'S VIEW. THE INSTRUCTIONS REMAIN THE SAME: NO POLITICAL LINE HAS BEEN DECIDED UPON, NO DECISIONS HAVE BEEN MADE, AND THERE ARE STILL SO MANY QUESTIONS, THE ANSWERS TO WHICH ARE UNCLEAR, THAT NO DECISIONS ARE CALLED FOR.

4. AS FOR THE PREPARATIONS FOR THE SEPTEMBER MEETING, THE INITIAL SWISS CONCERN, ACCORDING TO ZWAHLEN, IS WITH THE CONDITIONS THAT MIGHT BE REQUIRED TO BE MET IF SWITZERLAND WERE TO JOIN. ZWAHLEN SAID THAT THE FRENCH ARE QUITE VAGUE ON SPECIFICS, BUT THE SWISS WILL BE WELL PREPARED TO ANSWER ANY QUESTIONS AND TO RAISE A NUMBER QUESTIONS THEMSELVES. THE PRESENT POSITION IS THAT ANY CONDITIONS PUT UPON SWISS PARTICIPATION IN ADDITION TO THOSE IN FORCE AMONG THE PRESENT PARTICIPANTS WOULD RESULT IN SWISS REFUSAL TO JOIN. ZWAHLEN SAID THE SWISS FEEL STRONGLY ABOUT BEING PRESENTED WITH DEMANDS ON ISSUES ON WHICH THE EC MEMBER STATES HAVE LIMITED OFFICIAL USE

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AS YET BEEN UNABLE TO AGREE AMONG THEMSELVES.

5. ZWAHLEN COULD MAKE NO PREDICTION AS TO WHETHER OR WHEN THE SWISS MIGHT JOIN. HE SAID THAT IN ADDITION TO THE POLITICAL AND ECONOMIC UNCERTAINTIES SET FORTH ABOVE, THERE WAS SOME QUESTION AS TO THE DEGREE OF EC SOLIDARITY ON THE INVITATION TO THE SWISS, WHICH COULD EASILY CHANGE AS ECONOMIC AND OTHER CONDITIONS CHANGE.

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